



Reprinted  
January 31, 2006

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## SENATE BILL No. 70

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DIGEST OF SB 70 (Updated January 30, 2006 5:51 pm - DI 101)

**Citations Affected:** IC 24-4.5; noncode.

**Synopsis:** Charges for small consumer loans. Provides that for a supervised loan of at least \$200 but not more than \$1,000, a lender may charge both: (1) an origination charge of not more than 10% of the principal amount; and (2) a monthly installment account finance charge based on the amount of the loan; instead of the finance charge that otherwise would apply to a supervised loan. Sets forth procedures for refunding the origination charge and the installment account finance charge upon the prepayment in full, refinancing, or consolidation of the loan. Prohibits the lender from: (1) making insurance charges or other charges for such supervised loans; and (2) committing certain acts. Requires the lender to provide certain information. Allows the department of financial institutions to adopt rules concerning small consumer loans.

**Effective:** Upon passage.

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**Paul, Lewis**

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January 9, 2006, read first time and referred to Committee on Insurance and Financial Institutions.  
January 24, 2006, amended, reported favorably — Do Pass.  
January 30, 2006, read second time, amended, ordered engrossed.

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SB 70—LS 6131/DI 101+



Reprinted  
January 31, 2006

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## SENATE BILL No. 70

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 24-4.5-3-210 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 210. Rebate upon  
3 Prepayment. — (1) Except as provided in subsection (2) **or**  
4 **IC 24-4.5-3.5-5**, upon prepayment in full of the unpaid balance of a  
5 precomputed consumer loan, refinancing, or consolidation, an amount  
6 not less than the unearned portion of the loan finance charge calculated  
7 according to this section shall be rebated to the debtor. If the rebate  
8 otherwise required is less than one dollar (\$1), no rebate need be made.  
9 (2) Upon prepayment in full of a consumer loan, refinancing, or  
10 consolidation, other than one (1) under a revolving loan account, if the  
11 loan finance charge earned is less than any permitted minimum loan  
12 finance charge (IC 24-4.5-3-201(6) or IC 24-4.5-3-508(7)) contracted  
13 for, whether or not the consumer loan, refinancing, or consolidation is  
14 precomputed, the lender may collect or retain the minimum loan  
15 finance charge, as if earned, not exceeding the loan finance charge  
16 contracted for.  
17 (3) The unearned portion of the loan finance charge is a fraction of

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the loan finance charge of which the numerator is the sum of the periodic balances scheduled to follow the computational period in which prepayment occurs, and the denominator is the sum of all periodic balances under either the loan agreement or, if the balance owing resulted from a refinancing (IC 24-4.5-3-205) or a consolidation (IC 24-4.5-3-206), under the refinancing agreement or consolidation agreement.

(4) In this section:

(a) "periodic balance" means the amount scheduled to be outstanding on the last day of a computational period before deducting the payment, if any, scheduled to be made on that day;

(b) "computation period" means one (1) month if one-half (1/2) or more of the intervals between scheduled payments under the agreement is one (1) month or more, and otherwise means one (1) week;

(c) the "interval" to the due date of the first scheduled installment or the final scheduled payment date is measured from the date of a loan, refinancing, or consolidation, and includes either the first or last day of the interval; and

(d) if the interval to the due date of the first scheduled installment does not exceed one (1) month by more than fifteen (15) days when the computational period is one (1) month, or eleven (11) days when the computational period is one (1) week, the interval shall be considered as one (1) computational period.

(5) This subsection applies only if the schedule of payments is not regular.

(a) If the computational period is one (1) month and:

(i) if the number of days in the interval to the due date of the first scheduled installment is less than one (1) month by more than five (5) days, or more than one (1) month by more than five (5) but not more than fifteen (15) days, the unearned loan finance charge shall be increased by an adjustment for each day by which the interval is less than one (1) month and, at the option of the lender, may be reduced by an adjustment for each day by which the interval is more than one (1) month; the adjustment for each day shall be one-thirtieth (1/30) of that part of the loan finance charge earned in the computational period prior to the due date of the first scheduled installment assuming that period to be one (1) month; and

(ii) if the interval to the final scheduled payment date is a number of computational periods plus an additional number of days less than a full month, the additional number of days shall

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be considered a computational period only if sixteen (16) days or more. This subparagraph applies whether or not subparagraph (i) applies.

(b) Notwithstanding paragraph (a), if the computational period is one (1) month, the number of days in the interval to the due date of the first installment exceeds one (1) month by not more than fifteen (15) days, and the schedule of payments is otherwise regular, the lender, at the lender's option, may exclude the extra days and the charge for the extra days in computing the unearned loan finance charge; but if the lender does so and a rebate is required before the due date of the first scheduled installment, the lender shall compute the earned charge for each elapsed day as one-thirtieth (1/30) of the amount the earned charge would have been if the first interval had been one (1) month.

(c) If the computational period is one (1) week and:

(i) if the number of days in the interval to the due date of the first scheduled installment is less than five (5) days, or more than nine (9) days, but not more than eleven (11) days, the unearned loan finance charge shall be increased by an adjustment for each day by which the interval is less than seven (7) days and, at the option of the lender, may be reduced by an adjustment for each day by which the interval is more than seven (7) days; the adjustment for each day shall be one-seventh (1/7) of that part of the loan finance charge earned in the computational period prior to the due date of the first scheduled installment, assuming that period to be one (1) week; and

(ii) if the interval to the final scheduled payment date is a number of computational periods plus an additional number of days less than a full week, the additional number of days shall be considered a computational period only if five (5) days or more. This subparagraph applies whether or not subparagraph (i) applies.

(6) If a deferral (IC 24-4.5-3-204) has been agreed to, the unearned portion of the loan finance charge shall be computed without regard to the deferral. The amount of deferral charge earned at the date of prepayment shall also be calculated. If the deferral charge earned is less than the deferral charge paid, the difference shall be added to the unearned portion of the loan finance charge. If any part of a deferral charge has been earned but has not been paid, that part shall be subtracted from the unearned portion of the loan finance charge or shall be added to the unpaid balance.

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(7) This section does not preclude the collection or retention by the lender of delinquency charges (IC 24-4.5-3-203, repealed in 1994).

(8) If the maturity is accelerated for any reason and judgment is obtained, the debtor is entitled to the same rebate as if payment had been made on the date judgment is entered.

(9) Upon prepayment in full of a consumer loan by the proceeds of consumer credit insurance (IC 24-4.5-4-103), the debtor or the debtor's estate shall pay the same loan finance charge or receive the same rebate as though the debtor had prepaid the agreement on the date the proceeds of the insurance are paid to the lender, but no later than ten (10) business days after satisfactory proof of loss is furnished to the lender. This subsection applies whether or not the loan is precomputed.

(10) Upon prepayment in full of a transaction with a term of more than sixty-one (61) months, the unearned loan finance charge shall be computed by applying the disclosed annual percentage rate that would yield the loan finance charge originally contracted for to the unpaid balances of the amount financed for the full computational periods following the prepayment, as originally scheduled or as deferred.

SECTION 2. IC 24-4.5-3-508 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 508. Loan Finance Charge for Supervised Loans — (1) **Except as provided in IC 24-4.5-3.5-5**, with respect to a supervised loan, including a loan pursuant to a revolving loan account, a supervised lender may contract for and receive a loan finance charge not exceeding that permitted by this section.

(2) The loan finance charge, calculated according to the actuarial method, may not exceed the equivalent of the greater of either of the following:

(a) the total of:

(i) thirty-six percent (36%) per year on that part of the unpaid balances of the principal which is three hundred dollars (\$300) or less;

(ii) twenty-one percent (21%) per year on that part of the unpaid balances of the principal which is more than three hundred dollars (\$300) but does not exceed one thousand dollars (\$1,000); and

(iii) fifteen percent (15%) per year on that part of the unpaid balances of the principal which is more than one thousand dollars (\$1,000); or

(b) twenty-one percent (21%) per year on the unpaid balances of the principal.

(3) This section does not limit or restrict the manner of contracting

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for the loan finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the loan finance charge does not exceed that permitted by this section. If the loan is precomputed:

- (a) the loan finance charge may be calculated on the assumption that all scheduled payments will be made when due; and
- (b) the effect of prepayment is governed by the provisions on rebate upon prepayment (IC 24-4.5-3-210).

(4) The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations, the lender may reasonably establish and make the same loan finance charge on all principal amounts within a specified range. A loan finance charge does not violate subsection (2) if:

- (a) when applied to the median amount within each range, it does not exceed the maximum permitted in subsection (2); and
- (b) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to paragraph (a) by more than eight percent (8%) of the rate calculated according to paragraph (a).

(6) The amounts of three hundred dollars (\$300) and one thousand dollars (\$1,000) in subsection (2) and thirty dollars (\$30) in subsection (7) are subject to change pursuant to the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). For the adjustment of the amount of thirty dollars (\$30), the Reference Base Index to be used is the Index for October 1992.

(7) With respect to a supervised loan not made pursuant to a revolving loan account, the lender may contract for and receive a minimum loan finance charge of not more than thirty dollars (\$30).

SECTION 3. IC 24-4.5-3.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

#### **Chapter 3.5. Supervised Small Installment Loans**

**Sec. 1. Except as otherwise provided, all provisions of this article applying to consumer loans apply to supervised small installment loans, as defined in this chapter.**

**Sec. 2. As used in this chapter, "supervised small installment**

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loan" refers to an unsecured supervised loan (as defined in IC 24-4.5-3-501(1)) that:

- (1) is made after March 28, 2006;
- (2) is for a principal amount of at least two hundred dollars (\$200) but not more than one thousand dollars (\$1,000);
- (3) has a minimum term of four (4) months;
- (4) has a maximum term of twelve (12) months; and
- (5) is payable in substantially equal monthly installments at equal periodic intervals.

Sec. 3. As used in this chapter, "supervised lender" includes:

- (1) all persons licensed to make loans under this article or any person who facilitates, enables, or acts as a conduit for any lender who is or may be exempt from licensing under IC 24-4.5-3-502;
- (2) a bank, savings association, credit union, or other state or federally regulated financial institution, except those that are specifically exempt regarding limitations on interest rates and fees; or
- (3) a person, if the department determines that a transaction is:
  - (A) in substance a disguised supervised small installment loan; or
  - (B) the application of subterfuge for the purpose of avoiding this chapter.

Sec. 4. (a) A debtor may rescind a supervised small installment loan:

- (1) under the same procedures; and
- (2) within the same three (3) rescission day period; set forth in Section 125 of the Federal Consumer Credit Protection Act (15 U.S.C. 1635).

(b) A supervised lender may not accrue interest during the rescission period described in subsection (a)(2).

(c) A supervised lender must make available for disbursement the proceeds of a supervised small installment loan on the later of:

- (1) the date the supervised lender is reasonably satisfied that the debtor has not rescinded the supervised small installment loan; or
- (2) the first business day after the expiration of the rescission period described in subsection (a)(2).

Sec. 5. (a) Except as provided in subsection (f), a supervised lender may charge both of the following charges, instead of the maximum finance charge permitted under IC 24-4.5-3-508:

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(1) An origination fee for making the supervised small installment loan in an amount not exceeding ten percent (10%) of the principal amount.

(2) An installment account finance charge in an amount not exceeding the following:

(A) Twelve dollars (\$12) per month for a loan for a principal amount of at least two hundred dollars (\$200) but not more than three hundred dollars (\$300).

(B) Fourteen dollars (\$14) per month for a loan for a principal amount of more than three hundred dollars (\$300) but not more than four hundred dollars (\$400).

(C) Sixteen dollars (\$16) per month for a loan for a principal amount of more than four hundred dollars (\$400) but not more than five hundred dollars (\$500).

(D) Seventeen dollars (\$17) per month for a loan for a principal amount of more than five hundred dollars (\$500) but not more than eight hundred dollars (\$800).

(E) Twenty dollars (\$20) per month for a loan for a principal amount of more than eight hundred dollars (\$800) but not more than one thousand dollars (\$1,000).

(b) The origination fee under subsection (a)(1) is not subject to rebate, except that if a supervised small installment loan is prepaid in full, refinanced, or consolidated not later than sixty (60) days after the date the supervised small installment loan is made, the first ten dollars (\$10) of the origination fee shall be retained by the supervised lender and a portion of the remainder shall be rebated at the rate of one-sixtieth (1/60) of the amount of the remainder of the origination fee per day, beginning on the day after the date of the prepayment, refinancing, or consolidation and ending on the sixtieth day after the date the supervised small installment loan was made. However, a supervised lender is not required to provide a rebate under this subsection if the amount of the rebate calculated under this subsection is less than one dollar (\$1).

(c) Upon prepayment in full, refinancing, or consolidation of the outstanding balance of a supervised small installment loan under this chapter, the unearned part of the installment account finance charge under subsection (a)(2) shall be refunded to the debtor according to the actuarial method, calculated as of the next scheduled installment due date following the date of prepayment, refinancing, or consolidation. However, a supervised lender is not required to provide a rebate under this subsection if the amount of the rebate calculated under this subsection is less than one dollar

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1 (\$1).

2 (d) The dollar amounts in subsections (a) and (b) are subject to  
3 change under the provisions on adjustment of dollar amounts  
4 (IC 24-4.5-1-106). For the adjustment of the amount of ten dollars  
5 (\$10) in subsection (b), the Reference Base Index to be used is the  
6 Index for October 1992.

7 (e) A supervised lender may not charge or contract for any  
8 other charge with respect to a supervised small installment loan  
9 except as authorized by this chapter. However, a supervised lender  
10 may charge the following for a supervised small installment loan:

11 (1) A delinquency charge under IC 24-4.5-3-203.5.

12 (2) A charge under IC 24-4.5-3-202(1)(f) for a returned check,  
13 negotiable order of withdrawal, or share draft.

14 (f) The charges allowed under this section may not be imposed  
15 on a supervised small installment loan to a debtor that has more  
16 than one (1) loan outstanding with the supervised lender.

17 Sec. 6. A supervised lender making a supervised small  
18 installment loan shall not commit or cause to be committed any of  
19 the following acts:

20 (1) Threatening to use or using the criminal process in any  
21 state to collect on a supervised small installment loan.

22 (2) Threatening to take an action against a debtor that is  
23 prohibited by this chapter.

24 (3) Making a misleading or deceptive statement regarding a  
25 supervised small installment loan or a consequence of taking  
26 a supervised small installment loan.

27 (4) Contracting for and collecting attorney's fees on  
28 supervised small installment loans made under this chapter.

29 (5) Entering any other transaction with the debtor that is  
30 designed to evade the applicability of this chapter.

31 (6) Engaging in unfair, deceptive, or fraudulent practices in  
32 the making or collecting of a supervised small installment  
33 loan.

34 (7) Charging to cash a check representing the proceeds of a  
35 supervised small installment loan.

36 (8) Including any of the following provisions in a supervised  
37 small installment loan document:

38 (A) A hold harmless clause.

39 (B) A confession of judgment clause.

40 (C) A mandatory arbitration clause, unless the terms and  
41 conditions of the arbitration have been approved by the  
42 director of the department.

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(D) An assignment of or order for payment of wages or other compensation for services.

(E) A provision in which the debtor agrees not to assert a claim or defense arising out of contract.

(F) A waiver of any provision of this chapter.

(9) Selling insurance of any kind in connection with the making or collecting of a supervised small installment loan.

Sec. 7. (a) A supervised lender shall disclose to the debtor to whom a supervised small installment loan is made the information required by the Federal Consumer Credit Protection Act.

(b) In addition to the requirements of subsection (a), the supervised lender must conspicuously display in bold type a notice to the public, both in the lending area of each of the supervised lender's business locations and in all loan application documents, informing potential borrowers of the following:

(1) That the supervised lender may obtain consumer credit information about an applicant from one (1) or more private consumer credit reporting services in determining whether to make a supervised small installment loan to the applicant.

(2) That if the supervised lender makes a supervised small installment loan to a debtor, both positive and negative information concerning the debtor's payment activities with respect to the loan will be reported to one (1) or more private consumer credit reporting services.

SECTION 4. [EFFECTIVE UPON PASSAGE] The department may adopt rules under IC 4-22-2 to carry out this chapter.

SECTION 5. An emergency is declared for this act.

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## SENATE MOTION

Madam President: I move that Senator Lewis be added as coauthor of Senate Bill 70.

PAUL

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 COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 70, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 3, delete "section 515" and insert "IC 24-4.5-3.5-5,".

Page 1, line 4, delete "of this chapter,".

Page 4, line 21, delete "section 515" and insert "IC 24-4.5-3.5-5,".

Page 4, line 22, delete "of this chapter,".

Page 5, between lines 34 and 35, begin a new paragraph and insert: "SECTION 3. IC 24-4.5-3.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 3.5. Supervised Small Installment Loans**

**Sec. 1. Except as otherwise provided, all provisions of this article applying to consumer loans apply to supervised small installment loans, as defined in this chapter.**

**Sec. 2. As used in this chapter, "supervised small installment loan" refers to an unsecured supervised loan (as defined in IC 24-4.5-3-501(1)) that:**

- (1) is made after March 28, 2006;**
- (2) is for a principal amount of at least two hundred dollars (\$200) but not more than one thousand dollars (\$1,000);**
- (3) has a minimum term of four (4) months;**
- (4) has a maximum term of twelve (12) months; and**
- (5) is payable in substantially equal monthly installments at equal periodic intervals.**

**Sec. 3. As used in this chapter, "supervised lender" includes:**

- (1) all persons licensed to make loans under this article or any person who facilitates, enables, or acts as a conduit for any lender who is or may be exempt from licensing under IC 24-4.5-3-502;**
- (2) a bank, savings association, credit union, or other state or**



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federally regulated financial institution, except those that are specifically exempt regarding limitations on interest rates and fees; or

(3) a person, if the department determines that a transaction is:

(A) in substance a disguised supervised small installment loan; or

(B) the application of subterfuge for the purpose of avoiding this chapter.

**Sec. 4. (a)** A debtor may rescind a supervised small installment loan:

(1) under the same procedures; and

(2) within the same three (3) rescission day period; set forth in Section 125 of the Federal Consumer Credit Protection Act (15 U.S.C. 1635).

(b) A supervised lender may not accrue interest during the rescission period described in subsection (a)(2).

(c) A supervised lender must make available for disbursement the proceeds of a supervised small installment loan on the later of:

(1) the date the supervised lender is reasonably satisfied that the debtor has not rescinded the supervised small installment loan; or

(2) the first business day after the expiration of the rescission period described in subsection (a)(2).

**Sec. 5. (a)** Except as provided in subsection (f), a supervised lender may charge both of the following charges, instead of the maximum finance charge permitted under IC 24-4.5-3-508:

(1) An origination fee for making the supervised small installment loan in an amount not exceeding ten percent (10%) of the principal amount.

(2) An installment account finance charge in an amount not exceeding the following:

(A) Twelve dollars (\$12) per month for a loan for a principal amount of at least two hundred dollars (\$200) but not more than three hundred dollars (\$300).

(B) Fourteen dollars (\$14) per month for a loan for a principal amount of more than three hundred dollars (\$300) but not more than four hundred dollars (\$400).

(C) Sixteen dollars (\$16) per month for a loan for a principal amount of more than four hundred dollars (\$400) but not more than five hundred dollars (\$500).

(D) Seventeen dollars (\$17) per month for a loan for a

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principal amount of more than five hundred dollars (\$500) but not more than eight hundred dollars (\$800).

(E) Twenty dollars (\$20) per month for a loan for a principal amount of more than eight hundred dollars (\$800) but not more than one thousand dollars (\$1,000).

(b) The origination fee under subsection (a)(1) is not subject to rebate, except that if a supervised small installment loan is prepaid in full, refinanced, or consolidated not later than sixty (60) days after the date the supervised small installment loan is made, the first ten dollars (\$10) of the origination fee shall be retained by the supervised lender and a portion of the remainder shall be rebated at the rate of one-sixtieth ( $1/60$ ) of the amount of the remainder of the origination fee per day, beginning on the day after the date of the prepayment, refinancing, or consolidation and ending on the sixtieth day after the date the supervised small installment loan was made. However, a supervised lender is not required to provide a rebate under this subsection if the amount of the rebate calculated under this subsection is less than one dollar (\$1).

(c) Upon prepayment in full, refinancing, or consolidation of the outstanding balance of a supervised small installment loan under this chapter, the unearned part of the installment account finance charge under subsection (a)(2) shall be refunded to the debtor according to the actuarial method, calculated as of the next scheduled installment due date following the date of prepayment, refinancing, or consolidation. However, a supervised lender is not required to provide a rebate under this subsection if the amount of the rebate calculated under this subsection is less than one dollar (\$1).

(d) The dollar amounts in subsections (a) and (b) are subject to change under the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). For the adjustment of the amount of ten dollars (\$10) in subsection (b), the Reference Base Index to be used is the Index for October 1992.

(e) A supervised lender may not charge or contract for any other charge with respect to a supervised small installment loan except as authorized by this chapter. However, a supervised lender may charge the following for a supervised small installment loan:

- (1) A delinquency charge under IC 24-4.5-3-203.5.
- (2) A charge under IC 24-4.5-3-202(1)(f) for a returned check, negotiable order of withdrawal, or share draft.

(f) The charges allowed under this section may not be imposed on a supervised small installment loan to a debtor that has more

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than one (1) loan outstanding with the supervised lender.

**Sec. 6. A supervised lender making a supervised small installment loan shall not commit or cause to be committed any of the following acts:**

- (1) Threatening to use or using the criminal process in any state to collect on a supervised small installment loan.**
- (2) Threatening to take an action against a debtor that is prohibited by this chapter.**
- (3) Making a misleading or deceptive statement regarding a supervised small installment loan or a consequence of taking a supervised small installment loan.**
- (4) Contracting for and collecting attorney's fees on supervised small installment loans made under this chapter.**
- (5) Entering any other transaction with the debtor that is designed to evade the applicability of this chapter.**
- (6) Engaging in unfair, deceptive, or fraudulent practices in the making or collecting of a supervised small installment loan.**
- (7) Charging to cash a check representing the proceeds of a supervised small installment loan.**
- (8) Including any of the following provisions in a supervised small installment loan document:**
  - (A) A hold harmless clause.**
  - (B) A confession of judgment clause.**
  - (C) A mandatory arbitration clause, unless the terms and conditions of the arbitration have been approved by the director of the department.**
  - (D) An assignment of or order for payment of wages or other compensation for services.**
  - (E) A provision in which the debtor agrees not to assert a claim or defense arising out of contract.**
  - (F) A waiver of any provision of this chapter.**
- (9) Selling insurance of any kind in connection with the making or collecting of a supervised small installment loan.**

**Sec. 7. (a) A supervised lender shall disclose to the debtor to whom a supervised small installment loan is made the information required by the Federal Consumer Credit Protection Act.**

**(b) In addition to the requirements of subsection (a), the supervised lender must conspicuously display in bold type a notice to the public, both in the lending area of each of the supervised lender's business locations and in all loan application documents, informing potential borrowers of the following:**

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- (1) That the supervised lender may obtain consumer credit information about an applicant from one (1) or more private consumer credit reporting services in determining whether to make a supervised small installment loan to the applicant.
- (2) That if the supervised lender makes a supervised small installment loan to a debtor, both positive and negative information concerning the debtor's payment activities with respect to the loan will be reported to one (1) or more private consumer credit reporting services."

Page 5, delete lines 35 through 42.

Delete page 6.

Page 7, delete lines 1 through 21.

and when so amended that said bill do pass.

(Reference is to SB 70 as introduced.)

PAUL, Chairperson

Committee Vote: Yeas 8, Nays 0.

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#### SENATE MOTION

Madam President: I move that Senate Bill 70 be amended to read as follows:

Page 9, after line 24, begin a new paragraph and insert:"SECTION 4. [UPON PASSAGE] **The department may adopt rules under IC 4-22-2 to carry out this chapter.**".Renumber all SECTIONS consecutively.

Renumber all SECTIONS consecutively.

(Reference is to SB 70 as printed January 25, 2006.)

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